

# Peoples Gas Energy Efficiency Program - Plan Year 3

PY3 Third Quarter Report: December 2013 - February 2014

| Overall Utility EEP Portfolio |                           |                   |                  | Utility EEP Residential Programs |                           |                    |                  | Utility EEP Business Programs |                           |                    |                  | Other Portfolio Costs       |                           |                  |                  |
|-------------------------------|---------------------------|-------------------|------------------|----------------------------------|---------------------------|--------------------|------------------|-------------------------------|---------------------------|--------------------|------------------|-----------------------------|---------------------------|------------------|------------------|
| Energy Savings (Net Therms)   |                           |                   |                  | Energy Savings (Net Therms)      |                           |                    |                  | Energy Savings (Net Therms)   |                           |                    |                  | Energy Savings (Net Therms) |                           |                  |                  |
| Indicator                     | Cumulative Net Therms YTD | Current PY3 Goal* | PY Pct. Achieved | Indicator                        | Cumulative Net Therms YTD | Current PY3 Goal** | PY Pct. Achieved | Indicator                     | Cumulative Net Therms YTD | Current PY3 Goal** | PY Pct. Achieved | Indicator                   | Cumulative Net Therms YTD | Current PY3 Goal | PY Pct. Achieved |
| Total                         | 5,234,994                 | 6,692,030         | 78%              | Total                            | 3,728,557                 | 3,449,030          | 108%             | Total                         | 1,506,437                 | 3,243,000          | 46%              | Total                       | 0                         | 0                | NA               |
| Program Costs                 |                           |                   |                  | Program Costs                    |                           |                    |                  | Program Costs                 |                           |                    |                  | Program Costs               |                           |                  |                  |
| Indicator                     | Cumulative Costs YTD      | Current Budget    | Pct. Invoiced    | Indicator                        | Cumulative Costs YTD      | Current Budget     | Pct. Invoiced    | Indicator                     | Cumulative Costs YTD      | Current Budget     | Pct. Invoiced    | Indicator                   | Cumulative Costs YTD      | Current Budget   | Pct. Invoiced    |
| Total                         | \$15,091,111              | \$36,316,858      | 42%              | Total                            | \$7,388,398               | \$10,080,550       | 73%              | Total                         | \$3,689,483               | \$15,593,474       | 24%              | Total                       | \$4,013,231               | \$10,642,834     | 37.71%           |

\*PY3 goal now updated (initial was 7,538,669, now 6,692,030 net therms). PY3 final goal represents net therms needed for PGL to meet three year, Phase I goal. PY3 Goal adjusted in Q3 given final PY2 EM&V Adjustments. Three Year Goal of 16,840,268 Net Therms - PY1 2,045,995 Verified Net Therms - PY2 8,102,243 Verified Net Therms = 6,692,030 Net Therms to achieve in PY3

\*\*PY3 goals by program adjusted down by 11.23% to reflect change in final PY3 goal ((7,538,669 - 6,692,030)) / 7,538,669 = 11.23% less therms to achieve in PY3)

Note: All values are through February 28, 2014

Savings (Therms) values are based on TRM; subject to final evaluation adjustments. PY2 final EM&V values applied to all PY3 projects found in this Q3 report. Final Quality Control (QC) being conducted on all changes during Q4 by Franklin Energy's engineering dept. given the magnitude of the retrospective application of EM&V to all PY2 and PY3 YTD projects completed. Minor changes may result (less than 2%) and reflected on PY3 final Q4 report.

| EEP Residential Programs            |                           |                     |                   |  |
|-------------------------------------|---------------------------|---------------------|-------------------|--|
| Energy Savings (Therm)              |                           |                     |                   |  |
| Programs                            | Cumulative Net Therms YTD | Current PY3 Goal    | PY3 Pct. Achieved | Comments   |
| Residential - Home Energy Rebate    | 447,108                   | 266,308             | 167.9%            | Strong performance and response to final PY3 promotions in Q3 and 4                                      |
| Residential - Home Energy Reports   | -                         | 798,924             | 0.0%              | HE Reports started to be mailed in Q2. EM&V activities getting underway in Q4 to arrive at savings.      |
| Multi-Family Home Energy Savings    | 3,091,954                 | 2,123,120           | 145.6%            |  |
| Residential Home Energy Jumpstart   | 189,495                   | 260,678             | 72.7%             | Interest and participation continuing to build in PGL territory  |
| <b>Residential Programs - Total</b> | <b>3,728,557</b>          | <b>3,449,030</b>    | <b>108.1%</b>     |  |
| Program Costs                       |                           |                     |                   |  |
| Programs                            | Cumulative Costs YTD      | Current Budget      | PY3 Pct. Invoiced | Comments   |
| Residential - Home Energy Rebate    | \$1,363,032               | \$3,526,539         | 38.7%             | Q3 proc. costs will be fully accounted for in Q4. Delays due to new arrangement with 3rd party processor |
| Residential - Home Energy Reports   | \$714,716                 | \$1,239,468         | 57.7%             |  |
| Multi-Family Home Energy Savings    | \$4,570,771               | \$4,363,040         | 104.8%            | Strong production in terms of energy assessments completed, steam pipe insulation projects               |
| Residential Home Energy Jumpstart   | \$739,878                 | \$951,503           | 77.8%             | Planned number of thermostat installs per home lower than plan   |
| <b>Residential Programs - Total</b> | <b>\$7,388,398</b>        | <b>\$10,080,550</b> | <b>73.3%</b>      |  |

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| Overall Utility EEP Portfolio |                           |                   |                  | Utility EEP Residential Programs |                           |                    |                  | Utility EEP Business Programs |                           |                    |                  | Other Portfolio Costs       |                           |                  |                  |
|-------------------------------|---------------------------|-------------------|------------------|----------------------------------|---------------------------|--------------------|------------------|-------------------------------|---------------------------|--------------------|------------------|-----------------------------|---------------------------|------------------|------------------|
| Energy Savings (Net Therms)   |                           |                   |                  | Energy Savings (Net Therms)      |                           |                    |                  | Energy Savings (Net Therms)   |                           |                    |                  | Energy Savings (Net Therms) |                           |                  |                  |
| Indicator                     | Cumulative Net Therms YTD | Current PY3 Goal* | PY Pct. Achieved | Indicator                        | Cumulative Net Therms YTD | Current PY3 Goal** | PY Pct. Achieved | Indicator                     | Cumulative Net Therms YTD | Current PY3 Goal** | PY Pct. Achieved | Indicator                   | Cumulative Net Therms YTD | Current PY3 Goal | PY Pct. Achieved |
| Total                         | 5,234,994                 | 6,692,030         | 78%              | Total                            | 3,728,557                 | 3,449,030          | 108%             | Total                         | 1,506,437                 | 3,243,000          | 46%              | Total                       | 0                         | 0                | NA               |
| Program Costs                 |                           |                   |                  | Program Costs                    |                           |                    |                  | Program Costs                 |                           |                    |                  | Program Costs               |                           |                  |                  |
| Indicator                     | Cumulative Costs YTD      | Current Budget    | Pct. Invoiced    | Indicator                        | Cumulative Costs YTD      | Current Budget     | Pct. Invoiced    | Indicator                     | Cumulative Costs YTD      | Current Budget     | Pct. Invoiced    | Indicator                   | Cumulative Costs YTD      | Current Budget   | Pct. Invoiced    |
| Total                         | \$15,091,111              | \$36,316,858      | 42%              | Total                            | \$7,388,398               | \$10,080,550       | 73%              | Total                         | \$3,689,483               | \$15,593,474       | 24%              | Total                       | \$4,013,731               | \$10,642,834     | 37.71%           |

\*PY3 goal now updated (initial was 7,538,669, now 6,692,030 net therms). PY3 final goal represents net therms needed for PGL to meet three year, Phase I goal. PY3 Goal adjusted in Q3 given final PY2 EM&V Adjustments. Three Year Goal of 16,840,268 Net Therms - PY1 2,045,995 Verified Net Therms - PY2 8,102,243 Verified Net Therms = 6,692,030 Net Therms to achieve in PY3

| EEP Business Programs            |                           |                     |                   |   |
|----------------------------------|---------------------------|---------------------|-------------------|---|
| Energy Savings (Therm)           |                           |                     |                   |   |
| Programs                         | Cumulative Net Therms YTD | Current PY3 Goal    | PY3 Pct. Achieved | Comments  |
| Small Business Efficiency        | 473,318                   | 798,324             | 59.2%             |   |
| C&I - Custom Rebates             | 494,110                   | 2,033,769           | 24.3%             |   |
| C&I - Prescriptive Rebates       | 539,009                   | 216,923             | 248.5%            | Two drivers for achievement: 1) increase in NTG from .43 to .63, 2) lower cost (\$/therm) steam trap success  |
| C&I - Retro-Commissioning        | 0                         | 193,384             | 0.0%              | PY3 RCx projects expected to start to close during Q4   |
| <b>Business Programs - Total</b> | <b>1,506,437</b>          | <b>3,243,000</b>    | <b>46.5%</b>      |   |
| Program Costs                    |                           |                     |                   |   |
| Programs                         | Cumulative Costs YTD      | Current Budget      | PY3 Pct. Invoiced | Comments  |
| Small Business Efficiency        | \$906,507                 | \$2,069,954         | 43.8%             |   |
| C&I - Custom Rebates             | \$1,665,904               | \$6,278,128         | 26.5%             |   |
| C&I - Prescriptive Rebates       |                           |                     |                   |   |
| C&I - Retro-Commissioning        | \$794,966                 | \$6,723,436         | 11.8%             | PY3 actuals will be underspent vs. original PY3 budget. Reason: more cost effective measures, improved NTG, and limited need for bonuses on incentives. |
| <b>Business Programs - Total</b> | <b>\$3,689,483</b>        | <b>\$15,593,474</b> | <b>23.7%</b>      |   |

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| Indicator                     | Cumulative Net Therms YTD | Current PY3 Goal* | PY Pct. Achieved | Indicator                        | Cumulative Net Therms YTD | Current PY3 Goal** | PY Pct. Achieved | Indicator                     | Cumulative Net Therms YTD | Current PY3 Goal** | PY Pct. Achieved | Indicator                   | Cumulative Net Therms YTD | Current PY3 Goal | PY Pct. Achieved |
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| Program Costs                 |                           |                   |                  | Program Costs                    |                           |                    |                  | Program Costs                 |                           |                    |                  | Program Costs               |                           |                  |                  |
| Indicator                     | Cumulative Costs YTD      | Current Budget    | Pct. Invoiced    | Indicator                        | Cumulative Costs YTD      | Current Budget     | Pct. Invoiced    | Indicator                     | Cumulative Costs YTD      | Current Budget     | Pct. Invoiced    | Indicator                   | Cumulative Costs YTD      | Current Budget   | Pct. Invoiced    |
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| Other Portfolio Costs                 |                      |                     |                   |               |
|---------------------------------------|----------------------|---------------------|-------------------|---------------|
| Program Costs                         |                      |                     |                   |               |
| Programs                              | Cumulative Costs YTD | Current Budget      | PY3 Pct. Invoiced | Comments      |
| Administration                        | \$68,952             | \$122,000           | 56.5%             |               |
| EM&V                                  | \$384,557            | \$774,244           | 49.7%             | Accrued costs |
| Utility Verification of DCEO Invoices | \$2,833              | \$6,050             | 46.8%             |               |
| DCEO - Implementation                 | \$3,554,858          | \$9,734,490         | 36.5%             |               |
| OBV Program Support                   | \$2,031              | \$6,050             | 33.6%             |               |
| <b>Other EE Programs - Total</b>      | <b>\$4,013,231</b>   | <b>\$10,642,834</b> | <b>37.7%</b>      |               |

| EEP Portfolio                         |                      |                     |                   |   |                         |
|---------------------------------------|----------------------|---------------------|-------------------|---|-------------------------|
| Program Costs by Budget Category      |                      |                     |                   |   |                         |
| Budget Category                       | Cumulative Costs YTD | Current Budget      | PY3 Pct. Invoiced | Comments  | As a % of Total PY3 PGL |
| Administration                        | \$68,952             | \$122,000           | 56.5%             |   | 0.5%                    |
| Implementation                        | \$2,502,488          | \$2,931,191         | 85.4%             | Final PY3 Implm. budget now reflects unspent PY2 implementation funds. No change in overall 3 year budget | 16.6%                   |
| Incentives                            | \$6,219,165          | \$16,287,992        | 38.2%             |   | 41.3%                   |
| Incentive Delivery                    | \$2,073,787          | \$6,018,263         | 34.5%             |   | 13.8%                   |
| Marketing                             | \$260,464            | \$436,557           | 59.7%             | Final PY3 Mkt. budget now reflects unspent PY2 Mkt. funds. No change in overall 3 year budget             | 1.7%                    |
| Utility Verification of DCEO Invoices | \$2,833              | \$6,050             | 46.8%             |   | 0.0%                    |
| DCEO - Implementation                 | \$3,554,858          | \$9,734,490         | 36.5%             |   | 23.6%                   |
| OBV Program Support                   | \$2,031              | \$6,050             | 33.6%             |   | 0.0%                    |
| EM&V                                  | \$384,557            | \$774,244           | 49.7%             | Accrued costs   | 2.6%                    |
| <b>EEP Portfolio - Total</b>          | <b>\$15,069,135</b>  | <b>\$36,316,857</b> | <b>41.5%</b>      |   |                         |